

FISCAL NOTE

SB 1283 - HB 905

April 11, 2001

SUMMARY OF BILL: Creates a program to assist low income elderly individuals with pharmaceutical expenses. Eligible persons are to be a Tennessee resident age 65 or over with income between 90 percent and 120 percent of the federal poverty level and who are eligible for Medicare and not enrolled in a Medicare HMO with a pharmacy benefit. Monthly benefits are limited to \$80 per participant with a 10 percent co-pay for each prescription. The Department of Health is required to administer the program and establish eligibility and benefit guidelines. To participate in the program drug manufacturers are required to give a price discount and rebate equal to that in the TennCare program. To participate pharmacies must charge Medicare beneficiaries a price equal to the average wholesale price minus 9 percent and a dispensing fee of \$4.50 or provide or accept a private voluntary prescription drug discount program to Tennessee residents who are Medicare beneficiaries.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$30,000,000

The amount of expenditures will depend on the number of enrollees in the plan, which cannot be determined but is estimated to be enough to generate cost in excess of \$30,000,000. Estimate further assumes that most enrollees will receive the maximum \$80 monthly benefit.

Estimate also assumes an increase in state expenditures in the Department of Health to administer the program.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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